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**ALLEGED LEADERS OF \$60 MILLION INTERNET FRAUD SCAM
EXTRADITED TO SACRAMENTO**

DEFENDANTS FOUGHT EXTRADITION FOR 16 MONTHS IN COSTA RICA

SACRAMENTO--United States Attorney John K. Vincent and FBI Special Agent-in-Charge Michael A. Mason announced that Alyn Richard Waage, 56, of Canada, and James Michael Webb, 40, of California, were extradited yesterday to Sacramento in the custody of Deputy U.S. Marshals to face numerous federal charges relating to the Tri-West Investment Club, an Internet-based investment fraud scheme that allegedly netted more than \$60 million. United States Magistrate Judge Dale A. Drozd promptly detained both pending trial as flight risks, and set a preliminary hearing for January 7, 2003.

The FBI, in cooperation with authorities in Costa Rica, arrested the defendants in San Jose, Costa Rica, in September 2001.

According to Assistant U.S. Attorneys Christopher Sonderby and Robin Taylor, who are prosecuting the criminal case, a criminal complaint charges defendants with conspiracy, mail fraud, wire fraud, securities fraud and money laundering. If convicted, defendants face 5 years in prison for each mail and wire fraud count, 10 years in prison for each securities fraud count, and 20 years for each count of money laundering. Defendants also face fines up to twice the value of the victims' losses. Assistant U.S. Attorney Courtney J. Linn is also prosecuting two related forfeiture actions against the defendants.

International "Ponzi" Scheme

The extraditions result from an international effort by the United States, Costa Rica and Canada to investigate the activities of the Tri-West Investment Club, which solicited investments in "prime bank notes" on the Internet using the Web site www.triwestinvest.com in 2000 and 2001. The complaint alleges that "prime bank notes" do not exist, and that Alyn Waage and his operatives ran a vast "Ponzi" scheme that used more recent investor funds to make "dividend" payments to earlier investors to give the false impression of a successful investment program. None of the investors' money was allegedly invested as promised on the Web site, but instead was used to purchase millions of dollars worth of real property in Mexico and Costa Rica, as well

as high-priced items such as a yacht, helicopter and cars. Much of the money is also alleged to have been funneled to numerous shell corporations created in Costa Rica. (A more detailed description of these allegations is set forth in this Office's press release dated September 7, 2001.)

In September 2001, Costa Rican authorities seized or froze numerous assets connected to the fraudulent scheme, including six million dollars in Costa Rican banks, real property worth approximately \$5 million, a \$1.5 million yacht, a helicopter, and a dozen late-model vehicles. At that same time, Costa Rican authorities also arrested Alyn Richard Waage, the scheme's alleged leader, and James Michael Webb, a designer of the scam's allegedly fraudulent Web site. Extradition proceedings were then initiated against both in Costa Rica.

The complaint alleges that Alyn Richard Waage was the leader of Tri-West's criminal organization, while James Michael Webb is alleged to have been Waage's chief assistant and architect of the Web site. Alyn Richard Waage's son, Cary Alyn Waage, pled guilty to fraud and money laundering charges in April 2002 and is awaiting sentencing.

The complaint contains only allegations and all defendants are presumed innocent unless and until proven guilty at trial.

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